



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://cao.co.la.ca.us>

DAVID E. JANSSEN
Chief Administrative Officer

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First District

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Third District

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Fifth District

June 16, 2004

To: Supervisor Don Knabe, Chair
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

**PRELIMINARY REPORT – PROPOSED LA PUENTE REDEVELOPMENT PROJECT -
CITY OF LA PUENTE (FIRST DISTRICT)**

Consistent with Board policy and direction, we are advising your Board that the City of La Puente has sent us the Preliminary Report for the proposed La Puente Redevelopment Project. The Preliminary Report includes the following information:

- Map of Project Area (Attachment I)
- Physical and Economic Conditions of Blight (Attachment II)
- List of Planned Projects (Attachment III)
- Impact on County General Fund (Attachment IV)

The information on the project areas and the physical and economic conditions of blight (Attachment II) was extracted from the Agency's Preliminary Report. Consistent with procedures approved by your Board, this office conducts summary examinations of proposed project areas and reviews agency preliminary reports. Unless concerns are raised by this initial review, a more in-depth analysis is normally not conducted given resource limitations. Based on the summary examination of the Agency's findings, it is our conclusion that the project area generally reflects blighting conditions consistent with legal requirements.

Each Supervisor
June 16, 2004
Page 2

The boundaries of the proposed project encompass approximately 275 acres in five sub areas. The proposed project is intended to revitalize the commercial corridors of the City with public improvements, development assistance, and housing assistance. A public hearing on the proposed adoption of the amendment will take place on July 1, 2004. Failure to voice opposition, if any, at the hearing may preclude the County from legally challenging the proposed project at a later date. If you have any questions regarding this information, please call me, or your staff may call Robert Moran of my office at (213) 974-1130.

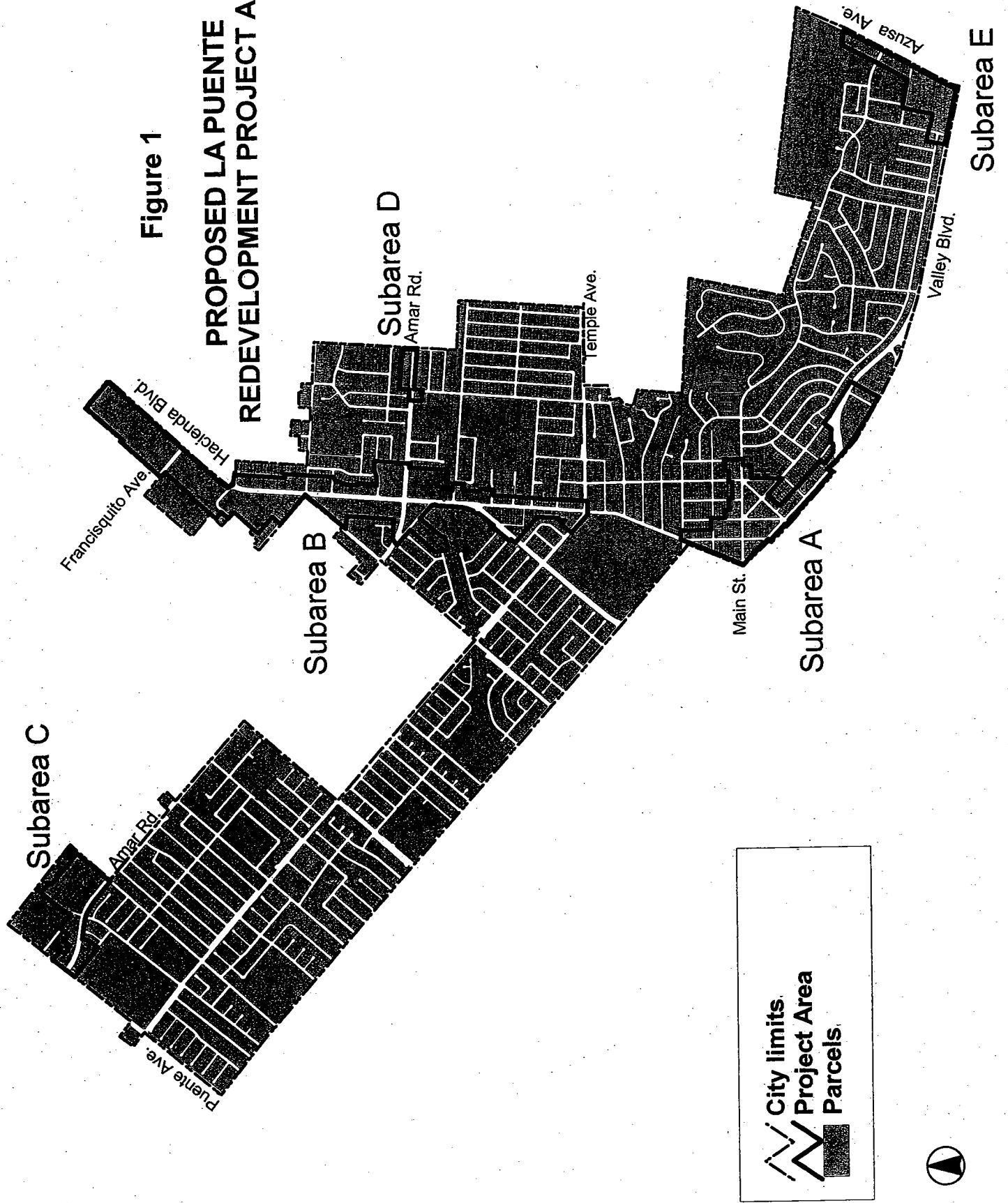
DEJ:MKZ
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Attachments

c: Raymond G. Fortner, Chief Deputy County Counsel
J. Tyler McCauley, Auditor-Controller

Figure 1

PROPOSED LA PUENTE
REDEVELOPMENT PROJECT AREA



PROJECT AREA DESCRIPTION
PHYSICAL AND ECONOMIC CONDITIONS OF BLIGHT
(From Agency's Preliminary Report)

Physical and Economic Blight Conditions:

The following is a brief summary of the physical and economic blight conditions that are described in the Agency's Preliminary Report for the Project Area:

- For the total Project Area (353 developed parcels): 240 parcels (68%) require renovation; 74 parcels (21%) are dilapidated or deteriorated; and only 39 parcels (11%) are structurally sound.
- A total of 86 parcels (24%) in the Project Area suffer from defective design or physical construction.
- Approximately 16% of the parcels in the Project Area have open cases of code violations, compared with 6% of the parcels in the remainder of the City with open code violation cases.
- There are 211 commercial properties out of 261 total (81%) with evidence of functional obsolescence and substandard design.
- Over one-half of the developed parcels in the Project Area exhibit trash and debris on the site and the presence of graffiti.
- The assessed improvement value for residential properties in the Project Area average \$30.33 per square foot, while residential properties in the remainder of the City average \$47.16 per square foot.
- On average, lease rates for small commercial spaces in the Project Area are approximately 22% less than comparable properties in other nearby cities.

LIST OF ESTIMATED PROGRAM COSTS

| Item or Program | Amount |
|---|---------------------|
| Public Improvements | \$17,401,000 |
| Housing Programs* | \$26,015,000 |
| Housing Rehabilitation Program | \$2,900,000 |
| Business Relocation Program | \$6,380,000 |
| Commercial Rehabilitation Program | \$19,141,000 |
| Property Acquisition Program | \$6,380,000 |
| Total Development and Housing Expenditures | \$78,217,000 |
| Administration | \$5,800,000 |
| TOTAL COSTS | \$84,017,000 |

*Programs funded by mandatory housing set aside

IMPACT ON COUNTY GENERAL FUND

Limits of Plan – Added Areas

- **Incurring Debt:** 20 Years
- **Redevelopment Activities:** 30 Years
- **Limitations on Collection of Tax Increment:** 45 Years

Estimated Project Revenues

- **Assumed Annual Real Property Growth Rate:** 4.0%
- **2002-2003 Base Year Assessed Valuations:** \$160,842,000
- **Gross Estimated Increment (45-Year Collection):** \$127,409,312
- **Housing Set-Aside (20% Minimum):** \$25,481,862
- **County General Fund Revenue With Project:** \$15,658,403
- **County General Fund Revenue Without Project:**
\$11,305,259 - \$32,271,250
- **Net Difference to County General Fund:**
\$4,353,144 – (\$16,612,847)
- **Net Present Value Difference to County General Fund:**
\$815,420 – (\$5,520,109)

* Note: Estimated impact to County General Fund is based on comparing County General Fund revenue **with the proposed project**, based on the Agency estimate of growth, with County General Fund revenue **with no project**. The “no project” scenario includes a range of assumptions, from: a conservative 2% annual growth in the area to a more aggressive 4% annual growth plus construction envisioned by Agency as part of the proposed project. In other words, as the County is unable to estimate what will occur in the project area without a project, the “no project” scenario ranges from an assumption that minimal activity would occur in the area without the project (in which case the County would actually benefit from adoption of the project), to an assumption that project-related development and increased values would occur even without adoption of the project. County General Fund losses in this more aggressive scenario would be significant.